

## Message Text

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PAGE 01 PEKING 00400 110055Z

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ACTION EA-10

INFO OCT-01 ISO-00 EB-07 COME-00 SP-02 AID-05 NSC-05

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 /049 W

----- 115403

R 100910Z MAR 75

FM USLO PEKING

TO SECSTATE WASHDC 3352

INFO AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: ETRD, BEXP, US, CH

SUBJECT: STATUS OF CHINESE DISCUSSIONS WITH GE OVER GAS  
TURBINE MANUFACTURING FACILITY

REF: HONG KONG 10057 OF OCTOBER 3, 1973 AND PREVIOUS

1. LONG TERM DISCUSSIONS BETWEEN GENERAL ELECTRIC AND THE CHINA NATIONAL TECHNICAL IMPORT CORPORATION (TECHIMPORT) HAVE REACHED AN IMPASSE OVER THE ISSUE OF HOW TECHNOLOGY INCLUDED IN THE POSSIBLE SALE OF A GAS TURBINE MANUFACTURING FACILITY WOULD BE TRANSFERRED TO CHINA. AT A BRITISH RECEPTION MARCH 6, MADAME WEI YI-TSAI WHO RECENTLY VISITED GE AND OTHER COMPANIES IN THE US AS A MEMBER OF A TECHIMPORT DELEGATION, TOLD A USLO OFFICER THAT GE'S CONCEPT OF A GRADUALLY PHASED TRANSFER OF TECHNOLOGY DIFFERS FUNDAMENTALLY FROM THE CHINESE VIEW, AND SUGGESTED THAT THIS COULD PRECLUDE FUTURE NEGOTIATIONS.

2. MADAME WEI'S COMMENTS WERE SUBSEQUENTLY CONFIRMED TO USLO BY A LETTER RECEIVED FROM E. G. NAYLOR, GE'S REP IN HONG KONG. ACCORDING TO NAYLOR, THE CHINESE WOULD LIKE A "ONE-SHOT" TRANSFER FOR WHICH THEY WOULD PAY A LUMP SUM PRICE AND THEN BE COMPLETELY ON THEIR OWN. HE SAID GE REMAINS INTERESTED IN FURTHER TALKS, BUT STILL HOPES TO CONVINCE TECHIMPORT THAT ITS METHOD IS MORE ECONOMICAL AND ALSO BENEFITS THE PURCHASER BY ASSURING ACCESS TO NEW TECHNOLOGICAL DEVELOPMENTS. NAYLOR SAID IT REMAINS TO BE SEEN WHETHER A SUITABLE

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PAGE 02 PEKING 00400 110055Z

COMPROMISE CAN BE REACHED.

3. MADAME WEI ALSO SAID THAT THE TECHIMPORT DELEGATION WAS VERY IMPRESSED BY THE WESTINGHOUSE GAS TURBINE MANUFACTURING FACILITY IT VISITED IN AUSTIN TEXAS. SHE NOTED THAT IT IS TECHNOLOGICALLY VERY ADVANCED, BUT WOULD NOT SAY WHETHER ANY NEGOTIATIONS WITH WESTINGHOUSE ARE CONTEMPLATED. SHE SAID ONLY THAT THE INFORMATION GATHERED BY TECHIMPORT FROM THE VARIOUS COMPANIES IT VISITED IN THE US IS "UNDER STUDY."

4. FOR HONG KONG. PLEASE ADVISE NAYLOR WE RECEIVED HIS LETTER OF FEBRUARY 25 AND INFORM HIM OF PARA 1 ABOVE. ALSO TELL HIM WE HOPE TO HAVE ANOTHER OPPORTUNITY SOON TO MEET SOME MEMBERS OF THE TECHIMPORT DELEGATION, AND MAY HAVE MORE INFORMATION FOR HIM.  
BUSH

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SALES, NEGOTIATIONS, TURBINE COMPONENTS, INDUSTRIAL PLANTS, TECHNOLOGICAL EXCHANGES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 10 MAR 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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